Bricks and Mortar
Iowa Empowerment Board, October 9, 1999 meeting adopted “Local Empowerment Boards shall not use Empowerment funds to purchase real property that would be subject to taxes.”

Liability and Insurance
Iowa Empowerment Board, October 9, 1999 meeting adopted “Insurance and Liability costs are included under the administrative costs which shall not exceed 3% of the School Ready budget total effective July 1, 1999.” These costs may also be included as part of the allowable Early Childhood allocation, which shall not exceed 5% of the budget total. Effective July 1, 2021, School Ready is changed from 3% to 5% allowable for administration.

Interest Earned on ECI Funds
Communities may earn interest on Early Childhood Iowa grant funds and apply the interest to implementation of their community plan. The following clarification was issued November 2000 on state law to meet the state treasurers’ requirements for investments (Iowa Code Chapter 12): Interest should be considered program funds to be invested in services according to the community plan. Interest is not part of the grant amount and not part of administrative allowable costs. Therefore, interest cannot be used for administrative costs.

Fiscal Year Carry Over
The intent of ECI grant funds is to provide for expansion of current assets and/or for program and service gaps in the local communities for children ages 0-5 years to meet the state ECI results.

In the event ECI funds awarded are not expended for programs and services for children ages 0-5 years during the fiscal year, they may be carried over into the ensuing fiscal year.

ECI areas reporting a carryover balance of school ready funds or early childhood in excess of 20% of the previous year’s allocation will receive a reduction equal to the excess amount above the 20% in their next year’s school ready or early childhood allocation, based on accrual reporting, as applicable - See Tool HH.

Budget for Interest and Carry Forward
The interest earned and the grant funds carried forward for School Ready and Early Childhood will need to be identified in the budget for the fiscal year into which they are carried to assure a current budget for all funds to support the ECI area plan.

Carry Forward of Administration Limit
Each annual grant award for the fiscal year allows for up to 5% of School Ready and up to 5% of Early Childhood funds to be calculated for the maximum administration expenses allowed. In the event Early Childhood Iowa funds calculated and budgeted for administration expenses are not expended for administration during the fiscal year, they may be carried over into the ensuing fiscal year.
administration funds budgeted may carry forward for the administration budget or the budget for the services/programs in the ensuing fiscal year.

ECI Area Boards are responsible for determining the allowable costs that community providers can utilize to administer services and programs for the implementation of the ECI area plan. For additional information concerning indirect cost rate principles, see Tool H(A).

**Audits**

Iowa Code, 256I.5 requires that ECI Area funds are audited annually. Audit is defined in Iowa law, 541-9.1(256I) as follows:

“Audit” means a financial review by area boards of early childhood funds. Area boards that receive over $500,000 in federal funds from all funding sources shall complete a full audit of the funds. Area boards that do not receive over $500,000 in federal funds from all funding sources, may complete a full audit or coordinate with the fiscal agent’s financial review to conduct the state board approved agreed-upon procedures.”

The requirements for ECIA boards regarding the completion of this requirement are found in the online toolkit available on the official web site of early childhood Iowa at https://earlychildhood.iowa.gov/. Area boards should develop policies for tracking, monitoring, and reporting on the use of Early Childhood Iowa grant funds.

**Mileage Reimbursement**

The Department will not reimburse the Contractor travel amounts in excess of limits established by Iowa Department of Administrative Services. Current instate and out of state travel rate reimbursements can be found posted on the Department of Administrative Services website: https://das.iowa.gov/state-accounting/travel-relocation/state-travel

**Equipment Purchase**

Expenses under $5,000 are considered consumable but equipment over this amount must be inventoried and tracked.

**Fidelity Bonds**

Fidelity bonds that are a part of a program requirement would not be part of administrative cost limits. Fidelity bonds for local Empowerment Board members and staff would be part of the administrative cost limits.